



Personal Insurance Federation of California

California's Personal Lines Trade Association

REPRESENTING THE LEADING AUTOMOBILE AND HOMEOWNERS INSURERS

State Farm • Farmers • 21st Century Insurance Group • SAFECO • Progressive

STAFF

Dan Dunmoyer
President

Diane Colborn
Vice President of Legislative
& Regulatory Affairs

Michael Gunning
Senior Legislative Advocate

Jerry Davies
Director of Communications

MEMORANDUM

Date: May 3, 2004

To: The Honorable Dean Florez , Chair
Members, Senate Banking, Commerce, and International Trade Committee

From: Dan C. Dunmoyer, President
G. Diane Colborn, Vice President of Legislative and Regulatory Affairs
Michael A. Gunning, Senior Legislative Advocate

RE: SB 1492 (Dunn): Employment: Confidential Information
Senate Banking, Commerce, and International Trade Hearing May 5, 2004
PIFC Position: Oppose

The Personal Insurance Federation of California, representing insurers who write nearly 45% of the personal insurance policies sold in California, including State Farm, Farmers, SAFECO, 21st Century Insurance Group, and Progressive Insurance Company, **opposes SB 1492** by Senator Dunn. SB 1492 prohibits the performance of any "work" involving information that is "private" or "essential to California's homeland security" at a worksite outside the United States.

PIFC opposes SB 1492 because it is overly broad, contains undefined and ambiguous terms, and would prevent the performance of many different types of routine contracts for services. Taken literally, SB 1492 would prevent an insurer from processing a claim for a California policyholder who had an automobile accident while traveling in Mexico, since the bill prohibits any "work" from being performed outside the United States involving "private" information, and private identifying information would need to be shared in order to process the claim. The term "work" is undefined in the bill. The phrase "essential to homeland security" is very broadly defined and includes financial services. The bill also likely bans other routine transactions such as credit card purchases, bank transfers, and purchases of other products and services abroad. In fact, the bill's blanket statement that "no work involving information that is private ...shall be performed...outside the United States" is so broad that it makes no sense.

SB 1492 is likely unconstitutional, violates the Foreign Commerce Clause, violates international agreements, and certainly impairs contracts. For all these reasons, **PIFC opposes SB 1492 and urges a "no" vote on this measure** when it is heard in committee. If you have any questions, please contact Diane Colborn at (916) 442-6646.

cc: Senator Dunn, Author
Michael Rubio, Senate Banking, Commerce, and International Trade Committee
Ryan Eisberg,, Senate Republican Caucus
Cynthia Bryant, Office of the Governor
Scott Reid, Office of the Insurance Advisor